

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 926 - HB 1142

March 13, 2017

SUMMARY OF BILL: Deletes requirement that persons becoming members of the General Assembly on or after July 1, 2016, who have not maintained membership in the Tennessee Consolidated Retirement System (TCRS), file an irrevocable election to become or not become a participant in the hybrid plan.

Requires, on November 7, 2018, any member of the General Assembly who was initially elected prior to July 1, 2014, and who continually held office through July 1, 2017, and who has not elected to become a member of the legacy plan, to be deemed a member from the date which the member took office.

Requires, on November 7, 2018, any member of the General Assembly who was initially elected on or after July 1, 2014, and who continually held office through July 1, 2017, and who has not elected to become a member of the hybrid plan, to be deemed a member from the date which the member took office.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$188,400/One-Time

Assumptions:

- Based on information provided by TCRS, five members of the General Assembly would meet the criteria of this legislation to be considered members of the now closed legacy plan. Three of such members are currently age 60 or older; the remaining two are not yet 60 years of age.
- Three members that are age 60 or older will not retire until at least FY18-19.
- Retirement benefits are based on months of service.
- The average benefit payment under the legacy plan is estimated to be \$86.06 for each month of service.
- The average benefit payment under the hybrid plan is estimated to be \$56.11 for each month of service.
- A difference of \$29.95 for each month of service.
- Total months of service at retirement for all five members is estimated to be 579.
- A total increase in annual benefit payments of \$17,341 (\$29.95 per month x 579 months).

- Assuming at least 15 years' of retirement benefit payments, the total increased benefit liability is estimated to be \$260,115 (\$17,341 x 15 years).
- Based on information provided by TCRS, and time value of money calculations, the present value of the additional benefit liability of \$260,115 is estimated to be \$188,400.
- This benefit improvement will be funded with a one-time lump sum payment from the General Fund.
- The one-time increase in state expenditures from the General Fund is estimated to be \$188,400.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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